

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6495**

**BILL NUMBER:** SB 113

**DATE PREPARED:** Dec 5, 2000

**BILL AMENDED:**

**SUBJECT:** Increase of PERF Pension Benefits.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the multiplier used in calculating pension benefits for members of the Public Employees' Retirement Fund (PERF) who retire after June 30, 2001, is increased from 1.1% to 1.1% plus an additional 0.02% for each year of service over ten years, with a maximum multiplier of 1.5%.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** This bill would increase the benefit multiplier under PERF from 1.1% to a maximum of 1.5% for benefits payable after June 30, 2001.

The impact for PERF is shown in the table below (based on the July 1, 1999, actuarial valuation):

	<u>State</u>	<u>Local Units</u>	<u>Total</u>
Additional Unfunded Accrued Liability	\$482 M	\$567 M	\$1,049 M
Additional Annual Funding	\$54.2 M	\$68.9 M	\$123.1 M
Additional Funding as a % of Payroll	4.4%	3.6%	3.9%

The State General Fund contributes about 55% of the personal services in the state, while various dedicated funds contribute 45%. The additional annual expenditures for the State General Fund (based on the \$54.2 M in additional funding required by the bill) would be \$29.81 M and \$24.39 M for various dedicated funds.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** For the impact on local units of governments that participate in PERF refer to the table above. These expenditures would come from the general fund of the local unit.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** Local units with members in PERF.

**Information Sources:** Doug Todd of McCready & Keene, Inc., actuaries for PERF, 576-1508.

**DEFINITIONS:**

Funding- a systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

Unfunded Actuarial Liability (sometimes called the unfunded liability) of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.